

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04  
NSAE-00 PA-01 SIL-01 USIA-06 PRS-01 DODE-00 SP-02  
AGRE-00 NEA-10 EUR-12 AID-05 FRB-03 TRSE-00  
XMB-02 OPIC-03 EPG-02 OMB-01 ( ISO ) W  
-----160353Z 013496 /70

R 160210Z MAY 77  
FM USLO PEKING  
TO SECSTATE WASHDC 7803  
INFO AMCONSUL HONG KONG  
AMEMBASSY TOKYO

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E.O. 11652: N/A  
TAGS: ECON EWTD CH US  
SUBJ: CANTON FAIR DURING THIRD WEEK

HONG KONG PLEASE PASS MUELLER

1. SUMMARY: A NUMBER OF EXPERIENCED US-CHINA TRADERS LEFT CANTON DURING THE THIRD WEEK AFTER CONCLUDING GENERALLY SATISFACTORY IMPORT AND EXPORT BUSINESS. CHEMICAL SALES, EXCEPT IN AGRICULTURAL CHEMICALS, WERE SURPRISINGLY GOOD DURING THE THIRD WEEK WITH MORE LIKELY DURING THE FINAL WEEK. U.S., GERMAN AND JAPANESE MACHINERY AND EQUIPMENT COMPANIES WERE VERY MUCH IN EVIDENCE. MAY US BUSINESSMEN FOUND PRC OFFICIALS MORE COOPERATIVE ON TRADE PROBLEMS; SOME BUSINESSMEN COMPLAINED THAT LACK OF NORMALIZATION AND HIGH US DUTIES ARE HURTING TRADE. END SUMMARY.

2. WJS, ICD AND DRAGON LADY IMPORTS REPS LEFT CANTON DURING THE THIRD WEEK GENERALLY STAISFIED WITH THE FAIR. INDUSTRIAL CHEMICALS SALES OF OVER \$3 MILLION WERE REPORTED FOR ICD AND DOW CHEMICAL, WITH THE LATTER EXPECTING MORE IN THE FINAL WEEK. LITTLE OR NO BUSINESS WAS DONE IN AGRICULTURAL CHEMICALS, BUT  
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MORE BUSINESS MAY BE DONE LATER. CHEVRON CHEMICAL REPS COMPLAINED OF EUROPEAN -- OR POSSIBLY ISRAELI -- SELLING OF THESE CHEMICALS AT VERY LOW PRICES.

3. US MACHINERY AND EQUIPMENT SALESMEN DID NOT REPORT ANY BUSINESS DURING THE THIRD WEEK. THIS IS NOT SURPRISING AS MACHINERY SALES, EXCEPT BY THE JAPANESE, ARE NORMALLY NOT

CONDUCTED AT THE FAIR. LARGE NUMBERS OF US AND FOREIGN MACHINERY AND EQUIPMENT SALESMEN DID ATTEND THE FAIR, HOWEVER, IN HOPES OF CASHING IN ON THE PRC'S MODERNIZATION OR IN ORDER TO "SHOW THE FLAG."

4. AS USUAL, FEW THIRD WORLDERS WERE OBSERVED AT THE FAIR. THE EXCEPTIONS TO THIS WERE THE ARABS WHO WERE NUMEROUS AND, ACCORDING TO ONE US TRADER WHO SAW A PURCHASE LIST, SEEMED TO BE MAKING LARGE PURCHASES OF TEXTILES AND FOODSTUFFS. A TRIO OF INDIAN TRADERS, INCLUDING SENIOR REPS OF THE STATE TRADING CORP. OF INDIA, LTD., AND INDIAN STANDARD METAL CO., LTD., ATTENDED THE FAIR AND MADE SOME PURCHASES, A CANTON FIRST.

5. A LARGE GROUP OF GERMAN TRADERS WAS IN CANTON HOLDING TALKS WITH PRC OFFICIALS. A GERMAN STEEL GROUP WAS HOLDING TALKS BUT WAS RESIGNED TO THE PROSPECT OF SELLING ONLY 50,000 TONS OF STEEL TO THE PRC DURING THE DISCUSSIONS.

6. MOST US BUSINESSMEN INTERVIEWED EXPRESSED THE VIEW THAT THE CHINESE ARE BEING MORE COOPERATIVE ON SUCH MATTERS AS LABELING, PACKAGING, ETC. MANY US BUSINESSMEN COMPLAINED THAT LACK OF NORMAL RELATIONS AND HIGH US DUTIES ON CHINESE EXPORTS ARE HURTING SINO-US TRADE.

7. THIS MESSAGE CONTAINS COMMERCIALY SENSITIVE INFORMATION AND SHOULD NOT BE DISCUSSED OUTSIDE THE US GOVERNMENT.  
DEAN

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## Message Attributes

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